ANNUAL REPORT 2001 - 2002

BC Housing

BRITISH COLUMBIA

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LETTERS OF PRESENTATION

June 28, 2002

George Abbott
Minister of Community, Aboriginal and Women's Services
Province of British Columbia

Minister:

I have the honour to submit for your approval, the Annual Report of the British Columbia Housing Management Commission for the year ending March 31, 2002.

Sincerely,

Kaye Melliship

Kaye Melliship
Interim Chair, Board of Commissioners

June 28, 2002

The Honourable Iona Campagnolo
Lieutenant-Governor of the Province of British Columbia

May it please Your Honour:

I have the pleasure to present the Annual Report of the British Columbia Housing Management Commission for the year ending March 31, 2002.

Sincerely,

George Abbott

George Abbott
Minister of Community, Aboriginal and Women's Services

MESSAGE FROM THE CEO

Shayne Ramsay, CEO

I am pleased to present our annual report for 2001/02, which highlights a year of many changes, and indicates our future directions.

Most people buy or rent homes through the private market. However, circumstances – such as unemployment, ill health, family crisis, age, mental or physical disability – can put appropriate housing out of reach for many people in our society. Over the past year, BC Housing has worked in partnership with communities to provide and sustain safe, decent and affordable housing for people with low incomes.

It has been a year of achievement, where BC Housing made significant progress in meeting the goals outlined in our 2001–2004 Performance Plan. Across the province we helped fund the creation of 1,493 new non-profit and co-operative housing units, processed an average of 485 new housing applications each month (up 26 per cent from the previous year), and provided 1,007 new households with appropriate and stable homes through public housing. As well we distributed $159 million to community-based housing providers and provided rent assistance to almost 15,000 households living in the private rental market.

The province's housing commitment, achievements and established partnerships were recognized in part this year when the provincial government signed the Canada-British Columbia Affordable Housing Agreement with the federal government. This was the first Agreement to be announced across Canada. Under this Agreement the federal government will provide $88.7 million over the next five years to help increase the supply of affordable housing in the province.

The province will match this federal funding through the provision of long term operating assistance to housing projects. This Agreement and funding will make the province's existing social housing programs more sustainable and allow government to meet the needs of its most vulnerable citizens. Partnerships will be a key to success.

In the coming year British Columbia faces the most fundamental housing policy change in a decade. Underpinning this change is the acknowledgment that a healthy private market housing sector is vital to the development of new affordable housing. At the same time, government recognizes the need to provide flexible housing choices to those most in need. The new provincial housing policy will be finalized later this year as part of the government-wide core services review. This will pave the way for a number of changes to the structure and focus of BC Housing. With change comes enormous opportunity, and we look forward to the year ahead with enthusiasm.

I would like to thank all of the people who contributed to our success during this 2001/02 fiscal year. I include in this group not only all BC Housing employees but also members of other government agencies, the private sector and community organizations.

Shayne Ramsay
Chief Executive Officer

ORGANIZATION OVERVIEW

BC Housing is a taxpayer supported crown corporation. As such, we have a responsibility to achieve effective housing outcomes within a sustainable fiscal framework.

BC Housing, like all ministries, crown corporations, agencies, boards, and commissions, is participating in the provincial core services review. Through this review, the programs and services delivered by BC Housing are being evaluated to determine whether they are affordable and necessary. This review of BC Housing's core services is being conducted in parallel with the preparation of a provincial housing policy, and both will be finalized later this year.

WE VALUE HOME, DIGNITY, COMMUNITY

Our approach this year has been influenced by changing government priorities. In preparing our Service Plan for 2002/03 – 2004/05 we began to anticipate the impact of budget reductions, the outcomes of the core services review on BC Housing's future operations and changes to government housing priorities. In order to align our programs and services with government expectations, senior management and the Board refocused BC Housing's vision and strategic directions. The following strategies are the result:

- Multi-level partnerships including private-public partnerships;
- Community consultation and participation;
- Efficient use of public resources;
- Innovative approaches to increasing housing options;
- Research to support decision-making, and "best practices"; and,
- A work culture of trust, continuous improvement and anticipation of client needs.

BC Housing's vision is to work in partnership to create housing options for those most vulnerable in our communities.

The organization is guided towards this vision by the following principles:

- Building alliances and partnerships
- Respecting community leadership and expertise
- Protecting public investment
- Providing cost-effective solutions

Clearly this annual report represents a year of transition. Our success in meeting the targets set out in our 2002/03 – 2004/05 Service Plan will be detailed in next year's annual report while this report focuses on the goals, objectives, measures and targets set out in the 2001/02 – 2003/04 Performance Plan. In order to ensure integration between the two plans and allow us to maintain continuity in reporting, every effort was made to ensure that there was consistency and alignment with the targets set out in our 2002/03 – 2004/05 Service Plan.

Our Organization

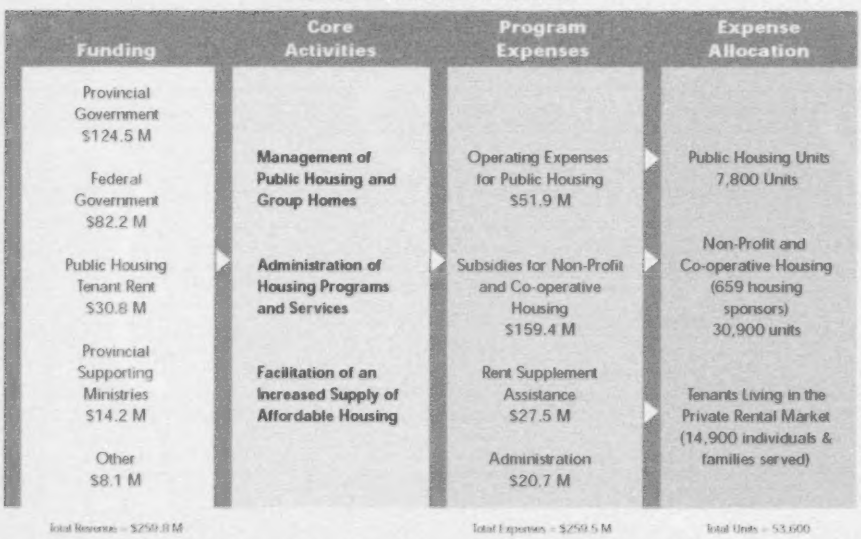
The British Columbia Housing Management Commission (BC Housing) was created in 1967 through an Order in Council under the *Housing Act* to fulfill the government's commitment to the development, administration and management of subsidized housing. BC Housing is responsible for implementing the provincial government's housing programs and plays a key role in promoting the province's housing policy.

The work of BC Housing enhances the lives of people in housing need. Our programs contribute to communities and the social and economic health of the province, by helping people with low incomes or with special needs find and maintain appropriate and affordable housing.

BC Housing is governed by the following legislation:

- *Budget Transparency and Accountability Amendment Act,* [RSBC 2001] Chapter 29
- *Document Disposal Act,* [RSBC 1996] Chapter 99
- *Financial Administration Act,* [RSBC 1996] Chapter 136
- *Financial Information Act,* [RSBC 1996] Chapter 140
- *Freedom of Information and Protection of Privacy Act,* [RSBC 1996] Chapter 165
- *Ministry of Lands, Parks and Housing Act,* [RSBC 1996] Chapter 307
  British Columbia Housing Management Commission Regulation, B.C. Reg. 490/79
- *Ombudsman Act,* [RSBC 1996] Chapter 340
- *Residential Tenancy Act,* [RSBC 1996] Chapter 406
- *Shelter Aid For Elderly Renters Act,* [RSBC 1996] Chapter 424

2001/02 Business Overview


Funding
Core Activities
Program Expenses
Expense Allocation
Provincial Government $124.5 M
Federal Government $82.2 M
Public Housing Tenant Rent $30.8 M
Provincial Supporting Ministries $14.2 M
Other $8.1 M
Management of Public Housing and Group Homes
Administration of Housing Programs and Services
Facilitation of an Increased Supply of Affordable Housing
Operating Expenses for Public Housing $51.9 M
Subsidies for Non-Profit and Co-operative Housing $159.4 M
Rent Supplement Assistance $27.5 M
Administration $20.7 M
Public Housing Units 7,800 Units
Non-Profit and Co-operative Housing (659 housing sponsors) 30,900 units
Tenants Living in the Private Rental Market (14,900 individuals & families served)
Total Revenue = $259.8 M
Total Expenses = $259.5 M
Total Units = 53,600

How We Provide our Services

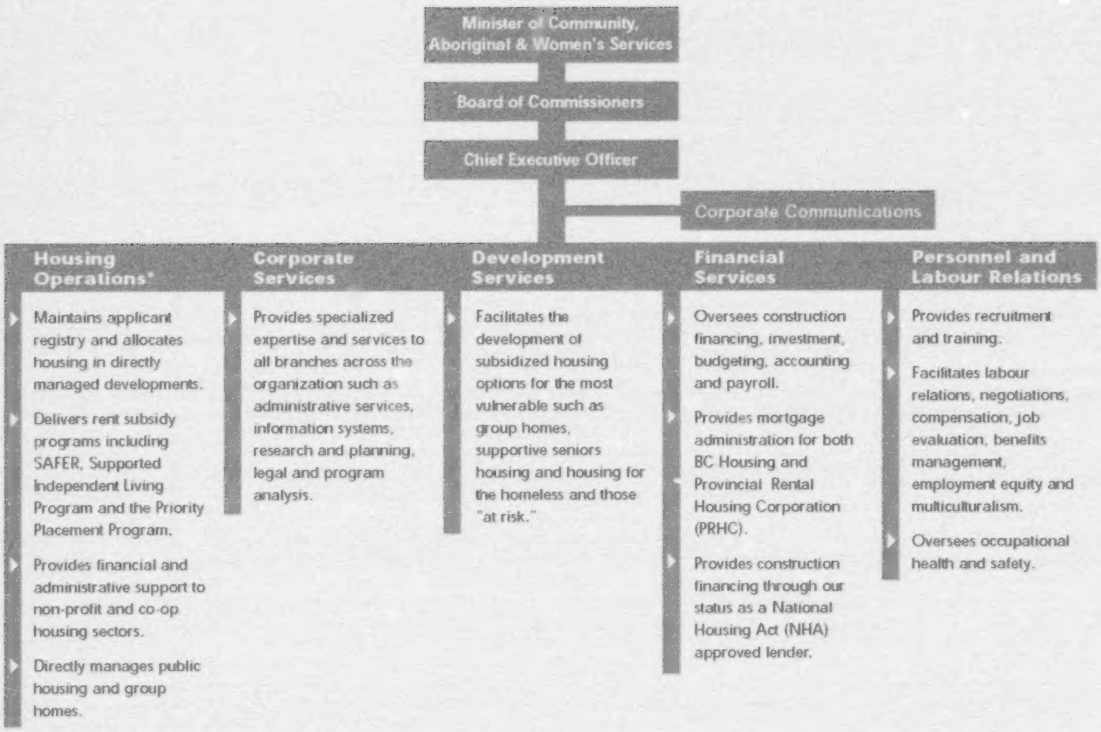
Two branches – Housing Operations and Development Services – are responsible for the delivery of BC Housing's three core activities: management of public housing and group homes, administration of housing prog. ms and services, and facilitation of an increased supply of affordable housing.

Organizational changes were made this year to improve BC Housing's efficiency and effectiveness and to better align our structure with the government's expectations for the delivery of social housing initiatives. An amalgamation of the former Regional Operations and Client Services branches brought together all aspects of housing operations into one branch. The Housing Operations Branch provides a continuum of housing services as applicants become tenants. It also creates a seamless approach to service for housing providers. Regional offices in Vancouver, Burnaby, Victoria, Penticton, Prince Rupert and Prince George complement this range of housing services. By bringing housing operations under one roof we have improved communications and the delivery of core services to all of our housing partners.

The Development Services branch facilitates the creation of a range of subsidized housing options in partnership with non-profit societies and housing co-operatives across the province. Other partners include municipalities, other levels of government, the private sector and local health authorities. BC Housing also works with these partners to develop group homes and other supportive housing arrangements such as multi-service housing, supportive seniors housing and housing for individuals who are homeless or at risk of homelessness.

The Housing Operations and the Development Services branches draw on shared services provided by Personnel and Labour Relations, Corporate Communications, Financial Services and Corporate Services.

BC Housing, like all areas of government, will continue to operate in an environment of significant change. As part of this process of realigning our resources, BC Housing will reduce its staff complement by 20 per cent over the next three years. Wherever possible, these reductions will be implemented through attrition. As we work to meet these challenges, it is important to continue to closely examine our business activities, management style, and processes in order to identify opportunities to improve the programs and services we deliver. Throughout 2001/02, we worked to ensure that we were responsive to the changing needs of our partners and social housing residents. Our future success depends on fostering a culture of innovation and continuous improvement so that staff may meet the challenges of change.


Minister of Community, Aboriginal & Women's Services
Board of Commissioners
Chief Executive Officer
Corporate Communications
Housing Operations*
Maintains applicant registry and allocates housing in directly managed developments.
Delivers rent subsidy programs including SAFER, Supported Independent Living Program and the Priority Placement Program.
Provides financial and administrative support to non-profit and co-op housing sectors.
Directly manages public housing and group homes.
Corporate Services
Provides specialized expertise and services to all branches across the organization such as administrative services, information systems, research and planning, legal and program analysis.
Development Services
Facilitates the development of subsidized housing options for the most vulnerable such as group homes, supportive seniors housing and housing for the homeless and those "at risk."
Financial Services
Oversees construction financing, investment, budgeting, accounting and payroll.
Provides mortgage administration for both BC Housing and Provincial Rental Housing Corporation (PRHC).
Provides construction financing through our status as a National Housing Act (NHA) approved lender.
Personnel and Labour Relations
Provides recruitment and training.
Facilitates labour relations, negotiations, compensation, job evaluation, benefits management, employment equity and multiculturalism.
Oversees occupational health and safety.

Housing Operations includes Housing Services and Regional Operations

Provincial Rental Housing Corporation (PRHC)

Since BC Housing is prevented from holding title to properties as part of its incorporating documents, the Provincial Rental Housing Corporation (PRHC) is the land-holding corporation for provincially owned social housing. BC Housing administers PRHC, which buys, holds and disposes of properties, and leases residential properties to non-profit societies and co-operatives for housing developments.

Who We Serve

Housing is a basic human need. Having somewhere to live underlies every person's health and well-being and underpins the functioning of society as a whole. Having the security of a home supports the efforts of individuals and families to find sustainable employment and enables them to participate in community life, to access education and to build supportive networks. Housing helps provide a sense of place, dignity and community.

Making a Difference to British Columbians in Need of Affordable Housing

Urban centres in British Columbia are experiencing some of the highest housing costs in the country. In both Vancouver and Victoria, vacancy rates in the rental market are less than one per cent. Despite this demand, market rents are below levels that provide a reasonable rate of return for investors and consequently, there is little purpose built rental housing being constructed. In fact, since the early 1990s there has been a significant decline in the construction of purpose-built rental housing. From 1999 to 2000, out of a total of 30,727 new housing starts (units) across the province, only 2,093 have been private rental housing.

Government recognizes the importance of a healthy residential construction industry in an environment where private builders and developers can flourish. This requires an appropriate regulatory and tax system to ensure that the private sector is able to continue to create affordable housing choices for British Columbians. However, at certain times and in certain places the market cannot be expected to respond to the needs of all people. To meet these housing challenges, all levels of government, in partnership with the private and voluntary sectors, must work together to develop an appropriate and sustainable response.

This year BC Housing responded to more than 70,000 housing inquiries. Of that number, nearly 6,000 applied for housing. BC Housing maintains an applicant registry for access/placement in public housing that includes more than 9,500 households such as adults with physical and mental disabilities, seniors, women and their children fleeing abuse and low-income families. As existing units turned over, more than 1,000 of these households were housed this year in public housing.

THE LATEST DATA INDICATE THAT NEARLY ONE THIRD OF ALL RENTERS IN B.C. ARE UNABLE TO FIND HOUSING IN THEIR COMMUNITY THAT MEETS THEIR NEEDS AND IS IN GOOD REPAIR WITHOUT PAYING MORE THAN 30 PER CENT OF THEIR INCOME.

To assist as many people in need as possible, BC Housing also provides targeted rent assistance programs to 14,900 households in the private rental market. This includes 14,115 provincially funded units and about 800 units jointly funded between the provincial and federal governments. This rent assistance bridges the gap between the cost to rent in the private market and what a household is able to pay. Targeted programs such as the Shelter Aid for Elderly Renters (SAFER) for seniors and the Supported Independent Living (SIL) program for people with a mental illness help people find housing in their community that they can afford.

Assisting Those in Need of Housing and Support

The affordability issues faced by many are complicated in some instances with health and other social concerns. In those cases housing must be combined with support in order to allow these individuals and families to maintain or regain their independence.

There has been a significant shift towards providing more subsidized housing for those in need of both housing and support. For example, 817 people with a mental illness have been housed under the BC Housing Health Services Program – delivered by BC Housing on behalf of the Ministry of Health Services and health authorities – while other developments have been modified to meet the changing needs of existing clients. There has also been a focus in recent years on housing and health partnerships in the creation of new subsidized housing.

As well, most people have different housing needs as they progress through the various stages of their lives. This is particularly important as BC Housing works to address the needs of frail seniors and individuals with disabilities who wish to continue to live independently in their community. A large portion of the existing public housing stock is already targeted towards those most vulnerable. Currently, 4,380 of the 7,800 public housing units are for seniors and people with disabilities. Of the seniors living in these units, one in six are over the age of 80.

Addressing Homelessness

BC Housing also works to address the worst scenario of housing need – homelessness. Throughout British Columbia, a growing number of people are homeless or "at risk" of homelessness because of an array of problems. These include an inability to afford anything except perhaps poor quality housing, discrimination in the housing market – particularly if they have dependence or mental health issues – or the need for additional assistance to find and maintain housing. At the most extreme, the consequence of these difficulties is homelessness.

SUPPORTIVE SENIORS HOUSING IN BURNABY — The Japanese Canadian Society of Greater Vancouver celebrated a groundbreaking for 59 units of seniors housing in June 2001 in Burnaby. Pictured here (L–R) examining plans for the new development are: Keith Anderson, Vice President Community Care and Seniors' Health, Fraser Health Authority; Craig Crawford, Director, Development Services, BC Housing; and Shayne Ramsay, CEO, BC Housing.

In Vancouver there are between 600 to 1,000 homeless people, with increasing numbers living in the surrounding municipalities, such as Surrey and New Westminster. There is also a growing number of homeless people in Victoria, Nanaimo, Prince George, Kelowna and Kamloops. It is more and more difficult for emergency housing providers to keep up with demand. Increasingly, people are being turned away from shelters due to lack of space or lack of appropriate beds. About 500 people are turned away each month by Vancouver's four largest shelters.

A PARTNERSHIP INITIATIVE — The Yukon Housing Centre, operated by the Lookout Emergency Aid Society, is the first multi-service housing development in the Lower Mainland. The building combines 36 short-stay beds and 37 housing units for people at risk of being homeless. BC Housing, the Government of Canada through its Supporting Community Partnership Initiative, the Vancouver Coastal Health Authority and the City of Vancouver all contributed funding.

An effective response to the needs of those who are homeless requires a broad range of strategies including crisis/emergency services as well as transitional and re-integrative strategies. It also includes the development of a continuum of housing and support options designed to assist individuals in making the transition from homelessness to permanent housing. Since the inception of the provincial housing program, BC Housing has worked in partnership with non-profit societies, the private sector and the three levels of government to address homelessness through the development of 2,299 units of housing for Homeless/At Risk (HAR) and Lower Income Urban Singles (LIUS). This year, BC Housing worked with shelter providers to develop longer-term solutions including 204 multi-service units that include short-stay emergency accommodation with second stage housing.

Over the past two years the Government of Canada has provided funding support for initiatives to meet the needs of the homeless, through the Supporting Communities Partnership Initiative (SCPI). Launched in 1999, SCPI supports local, community-based efforts to identify priorities and develop appropriate solutions to homelessness. SCPI involves a federal investment in B.C. of $10.4 million annually over three years. This has been a partnership initiative, one where the federal government has contributed $10.9 million in SCPI funding to eight HOMES BC developments since 1999. The provincial contribution for these developments is $2.4 million annually for operating subsidies over 35 years.

THE YEAR IN REVIEW

BC Housing, together with our partners, is working to address growing and changing housing needs in an environment where resources are diminishing and costs increasing. Traditional responses to funding, capital, and direct service delivery are no longer sustainable. Together with our partners, our challenge is to sustain the social housing system in the long term, and to do this we must design new ways of assisting people in the greatest housing need. Our activities over the last year have done much to move us in that direction. The following is a summary of our successes and highlights the future direction of BC Housing's three core business activities.

Management of Existing Public Housing and Group Homes

The efficient and cost-effective management of existing public housing and government owned group homes is a key business activity in our efforts to meet the housing and support needs of those most in need. BC Housing also provides administration and property management support for 300 group homes and special needs residences on behalf of other provincial ministries and health authorities (including shelters and transition houses). A total of $51.9 million is currently spent on the management of the public housing portfolio. Of this, $30.8 million is recovered through rent revenue for a net cost of $21.1 million; the federal government pays 68 per cent of the net cost. The provincial government funds the balance. Ministries and Health Authorities cover the total operating costs of the group home portfolio.

There are 7,800 units that comprise the public housing portfolio. Approximately 70 per cent of these buildings are managed by BC Housing, and are typically larger public housing projects in the Lower Mainland and Victoria. Where appropriate, BC Housing has sought the property management expertise of the non-profit and private sectors, primarily for buildings in the northern and southern interior.

The public housing stock is some of the oldest social housing in Canada and was largely constructed in the 1950s and 1960s. This year, BC Housing has continued to maintain and improve the public house stock. Approximately $13.9 million was spent during 2001/02 on maintenance, preventative and health and safety improvements to 88 per cent of public housing developments. However, ongoing capital improvements are constrained by the availability of funding. Many of these buildings require redevelopment and regeneration initiatives. Future initiatives will require effective and integrative partnerships with tenants, community organizations and the private sector to support those individuals with more complex housing and health needs.

Public housing is home to many families and individuals who face a number of other challenges, such as health or social concerns, and who need a range of housing and support options to allow them to retain their independence. This includes individuals with chronic and persistent mental illness,

individuals recovering from substance misuse issues as well as women and children fleeing abuse. Through time, the public housing stock has become the housing of last resort.

Partnerships with local health authorities have resulted in the public housing stock being used as a stable base for clients where necessary support services can be provided as needed. For example, Red Rock Manor in Lillooet (20 units) has been converted to supportive living for seniors, and is managed by the Interior Health Authority. BC Housing will continue to explore opportunities to partner with local health authorities and community groups to further target this housing stock to those households requiring continuous assistance.

In order to foster healthy, active and inclusive communities, BC Housing has put in place programs to enhance the quality of life and promote the self-sufficiency of tenants living in public housing. A key to this work is our support for the Public Housing Advisory Council as well as tenant activities at the community level. We also support programs, services and volunteer opportunities that promote the social, economic and physical well-being of tenants. Examples include the People, Plants and Homes Program; the Student Tenant Employment Program; the Bursary Program; the annual Tenant Conference; and the Tenant Association Grant Program.

Administration of Housing Programs and Services

Supporting Community Based Housing Solutions

The existing inventory of social housing represents an important investment in communities across the province. There are 584 non-profit societies and 75 housing co-ops responsible for the management of approximately 31,000 units of subsidized housing.

BC Housing provides financial, administrative and technical support to these groups as well as administering long-term operating agreements and managing the flow of housing subsidies. As noted in the 2001/02 Business Overview on page 5, the payment of housing subsidies represents a significant portion of BC Housing expenditures ($159.4 million in

BC Housing works with community groups and agencies to address local needs through innovative partnerships. For example, in December 2001, the Northern Health Authority and BC Housing partnered to address emerging health and housing concerns in Prince Rupert, by using vacant units at Harbour View Gardens, a public housing development. Through this partnership four vacant units are being used as medical-stay housing to allow clients to live in a home setting while obtaining health services in the community. A continued high vacancy rate in Prince Rupert allows room for this partnership to evolve, to provide specialized health support services for clients of the Northern Health Authority.

2001/02). This is a contractual responsibility of the provincial government and often extends for 35 years.

BC Housing is responding to the current fiscal environment by improving our administration of housing programs. We are reducing the complexity and cost of those responsibilities, while maintaining appropriate oversight of government resources and improving overall program coordination. This year, BC Housing, in co-operation with housing sponsors, has taken a key role in promoting the efficiency of sponsor operations through various approaches, including:

The Housing Registry
An Internet-based housing registry was launched in 2001/02. This registry makes it easier for applicants to apply for subsidized housing. It will also help housing providers manage their applicant lists and eliminate duplication. Initially targeted to the Lower Mainland, it will be expanded to include other regions in the province. The Housing Registry is a partnership that includes BC Housing, the BC Non-Profit Housing Association, the Co-operative Housing Federation of BC, non-profit housing providers, housing co-ops, Lower Mainland municipalities and other community-based service organizations.

Best Practices
In 2001, the BC Non-Profit Housing Association and BC Housing began to focus on efficient and effective delivery of non-profit housing and promoting high standards of management – "best practices." These best practices will result in cost savings, improved quality and revenue generation, while meeting legislated requirements and reducing risk. A self-assessment tool that housing providers may use to assess their performance against a best practices framework was developed. The framework together with the self-assessment tool is in the process of being made available as an on-line resource.

Operational Review and Housing Sponsor Profile
BC Housing encourages housing sponsors to use resources economically and efficiently, by setting out operational and service standards in operating agreements. Housing provider performance is monitored through an operational review process. This year the operational review process was improved to link with the Housing Provider Profile and the best practices tools. The Housing Provider Profile is a database that incorporates information accumulated from operational reviews, financial reviews and management letters to identify housing providers requiring assistance. This new approach recognizes those housing providers who continually conduct their operations in a professional and efficient manner, leaving BC Housing to focus its

efforts on sponsors that require more support in order to achieve management efficiencies.

700 HOUSING UNITS GET GO-AHEAD — A new Dr. Peter Centre in Vancouver was one of 20 new housing developments, representing about 700 units, given the go-ahead by the provincial government in March 2002. Unveiling the plans for the new centre (front to back and left to right) are: Tony Suttle, tenant; Maxine Davis, Dr. Peter AIDS Foundation Executive Director; Lorne Mayencourt, Vancouver-Burrard MLA; Philip Owen, Mayor of Vancouver; Mark Virgin, Dr. Peter AIDS Foundation Chair; John Evans, Dr. Peter AIDS Foundation Capital Campaign Co-chair; Gordon Campbell, Premier and George Abbott, Minister of Community, Aboriginal and Women's Services.

Replacement Reserves

In 2001, BC Housing staff, members of the BC Non-Profit Housing Association and the Co-operative Housing Federation of BC developed a new funding model for replacement reserves. These reserves fund capital replacements, such as appliances, fencing, flooring and roofing. The value of replacement reserves is significant. According to the most recent sponsor financial statements available, the aggregate value of the reserves that BC Housing funds for its housing sponsors amounted to approximately $50 million. This new cost-effective model will confirm that individual reserves are funded to an adequate, but not excessive level and will also monitor investment of those reserves.

Facilitation of an Increased Supply of Subsidized Housing

This year, BC Housing has worked to facilitate partnerships that will create new housing for those most in need including low-income and frail seniors, people at risk of being homeless, people with disabilities, First Nations citizens and low-income families. This housing is designed and built by the private sector, owned and managed by non-profit and co-operative housing sponsors and subsidized by the provincial government.

The Provincial Housing Program – HOMES BC

In October 2001, the provincial government initiated a review of all units under development (units under construction or completed were not part of this review). The review considered client groups served, contributions by partners and other criteria.

On March 13, 2002, the provincial government announced it would move forward with almost 700 new units of non-profit housing across B.C. that were previously under review. Twenty non-profit societies will develop the new housing, worth about $100 million, in communities as diverse as Langford, Lillooet, Williams Lake and Vancouver.

Private, non-profit, community, municipal and federal partners will contribute $49 million in land and equity toward the new developments, maximizing the number of new units funded by provincial housing dollars.

As of March 31, 2002, there were 2,174 units of non-profit housing approved or under construction, and 1,493 units had been completed, for a total increase of 3,667 units in 2001/02.

The Canada/British Columbia Affordable Housing Agreement

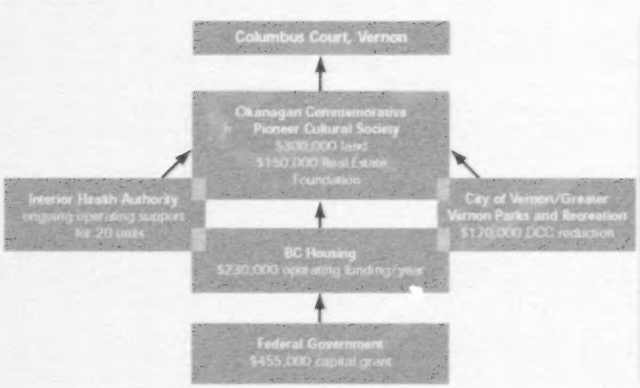
Partnerships were a key focus of our business this year. On December 18, 2001, B.C. was the first province to sign an affordable housing agreement with the Government of Canada. Through this agreement the federal government will provide $88.7 million over the next five years to help increase the supply of affordable housing in the province. The province will match this federal funding through the provision of long-term operating assistance to housing projects. Approximately $26.2 million in federal funding from this agreement was applied to the provincial housing program, HOMES BC. The remainder will go towards supportive housing options for seniors and people with disabilities that will be developed over the next few years in co-operation with the regional health authorities. The funding under this agreement will make the province's existing social housing programs more sustainable and allow government to meet the needs of its most vulnerable citizens.

Partnering with the provincial health authorities

BC Housing has been successful in bringing together partners with diverse backgrounds who have the experience and expertise to deliver complementary support services.

This year, a major focus for BC Housing was on partnerships with local health authorities to develop integrated housing and support strategies that respond to the needs of frail seniors and disabled adults. Over the past year, 629 new units of supportive seniors housing across the province were either approved or under construction, bringing the

A P3 Model



The 35-unit supportive seniors development sponsored by the Okanagan Commemorative Pioneer Cultural Society is an example of the type of partnerships that will be required to make future projects sustainable.

It is anticipated that through this model two supportive/assisted living units can be developed and operated for the cost to develop and operate one care bed.

BREAKING GROUND IN KELOWNA — The Good Samaritan Society celebrates the start of construction of its 37 unit supportive seniors project in Kelowna. Pictured here (L–R) are: Dr. Archie Marzolf, Chair, BOD Good Samaritan Society; Rose Zukcht, Charter Volunteer Good Samaritan Society; Murray Ramsden, CEO, Interior Health Authority; Smiley Nelson, Kelowna City Councillor; Peter Chau, BC Housing; and Dyan Dunsmuir-Farley, Executive Director Care Services, Ministry of Health Services.

total number of supportive seniors units under the program to more than 800. Supportive living is an option for seniors who don't want or need to be in residential care facilities and is designed to enable low-income seniors to continue to live independently in their communities as long as possible with the appropriate supports. This housing incorporates support services such as housekeeping, emergency monitoring and response, recreational activities, meal services and laundry.

Studies indicate significant cost savings are possible through supportive housing. More importantly, research has shown that integrated housing and support strategies better meet individual needs and result in better health outcomes such as reduced hospitalization.

The development of supportive living for seniors and adults with disabilities will continue to be a major focus as BC Housing moves forward on the development of a new housing for health partnership, "*Supportive Living BC.*"[1]

SUPPORTIVE LIVING UNITS CAN BE OPERATED ON A SUBSIDIZED BASIS, FOR $50 - $75 PER UNIT PER DAY COMPARED WITH $150 PER BED PER DAY FOR CARE BEDS.

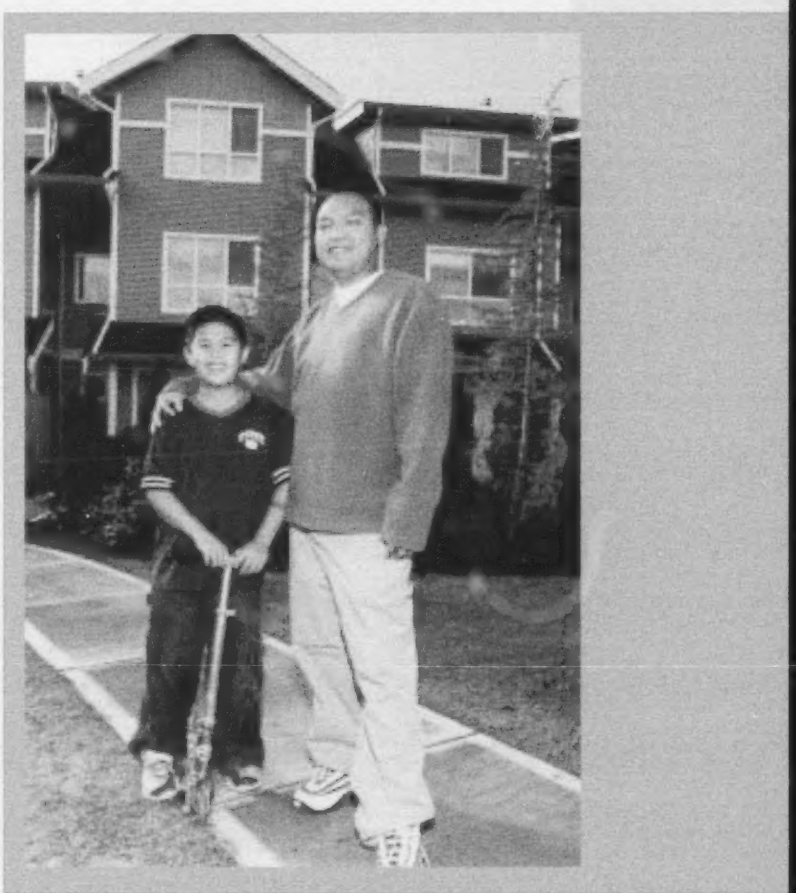
[1] *Supportive Living BC is a new initiative to provide supportive and assisted living housing for frail seniors and people with disabilities. The program was announced in April 2002.*

REPORT ON PERFORMANCE

The Report on Performance looks at the goals, objectives, measures and strategies from BC Housing's 2001–2004 *Performance Plan* and reports on the progress we have made. In looking at performance in key areas, this section answers the following key questions:

1. Was BC Housing successful in increasing the supply of affordable rental housing?
2. Was BC Housing able to create a broadened range of housing options to respond effectively to a diverse range of housing needs?
3. Were the strategies that were adopted successful?
   - Is the housing that BC Housing provides well-managed and sustainable?
   - Has BC Housing been successful in fostering active and inclusive communities?
   - Has BC Housing been successful in raising public awareness and support for affordable housing?
   - Is BC Housing a responsive, adaptive and accountable organization?

Major accomplishments in each of these areas are highlighted, along with future directions. Also included is information on current and historical performance as well as relevant trends.

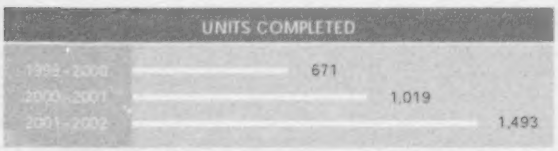


Goal	**Increased Affordable Housing**
Objectives	• Committing and delivering all housing allocations • Ensuring that a range of options is available to respond to existing and emerging housing-related needs and to support individuals in retaining their housing • Developing a research capability to better understand local housing needs and to support the development of a range of housing options
Strategies and Activities	• Successful delivery of all housing allocations • Successful delivery of initiatives designed to create broadened housing options and better respond to existing and emerging housing needs • Fair and equitable distribution of housing allocations across need groups and geographic areas

Outcomes 2001–2002	• Completed: 1,493 units in 46 developments across 25 communities
	• Approval to proceed, or under construction: 2,174 units in 48 developments across 26 communities
	• Mix of units delivered across need groups and geographic areas:
	  • 1,344 units targeted to families
	  • 1,088 units targeted to seniors
	  • 554 units targeted to low income singles
	  • 477 units targeted to those who are homeless or "at risk" of homelessness; and
	  • 204 units of multi-service housing
	• Provision of provincially-funded rent assistance to 14,115 eligible households living in housing in the private rental market including seniors living on a fixed income, individuals with a mental illness, women and children fleeing abuse and other vulnerable groups and individuals in society

Goal 1: Increased Affordable Housing

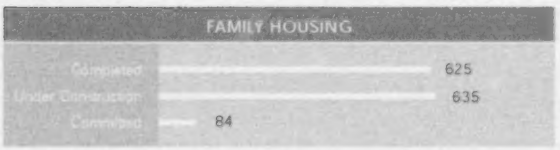
The first goal set out in BC Housing's Performance Plan focused on strategies and initiatives to increase the supply of housing. A key measure is whether the units allocated under the HOMES BC program – the province's unilaterally funded housing program – were successfully delivered. Another measurement is the mix of approaches for responding to existing and emerging housing needs. The following charts provide an overview of BC Housing's success in increasing the range of housing options for those who need it most.



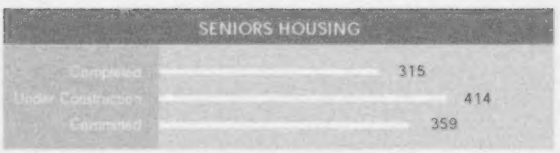
Overview:

The facilitation of effective community-based housing solutions is an important business activity. Since the early 1990s when the federal government withdrew funding support for the development of new social housing, a total of 6,062 provincially funded housing units have reached completion including 1,493 units in 2001/02. Over the coming year, BC Housing will continue to work in partnership with the private sector and groups in the community to identify opportunities for increasing housing options for the most vulnerable.

Housing needs are diverse and vary across the province. To meet the goal of increased affordable housing, BC Housing worked to maintain an equitable distribution of housing allocations across the province by providing a broad range of housing options. The measures below show the mix of units that received a funding commitment or reached completion over this past year. This includes fully occupied developments as well as developments that are under construction or have approval to proceed.

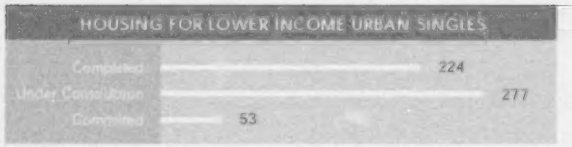


Overview:
Over the past year, 625 units targeted to family households reached completion while three developments (84 units) received approval to proceed. In addition, 635 units are under construction.

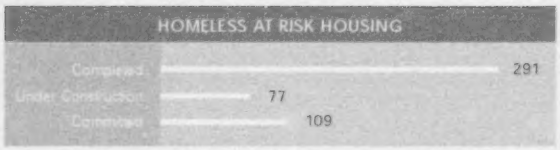


Note – Of the units above, approximately 70% of the 1088 include a supportive component.

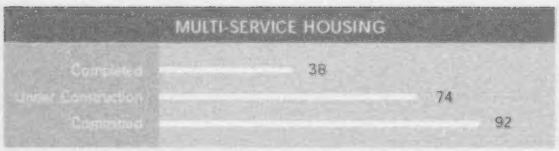
Overview:
Over the past year, 10 developments (315 units) targeted to seniors reached completion while 10 developments (359 units) received approval to proceed. In addition, 414 units are under construction. Approximately 70 per cent of all units completed, under construction and committed in 2001/02 include a supportive component.



Overview:
Housing for lower-income urban singles is designed to respond to housing challenges faced by low-income individuals as well as individuals requiring a range of housing and support options. This could include individuals with mental illness and/or addiction challenges, as well as those living with HIV/AIDS or Hepatitis C. Over the past year, 224 units (five developments) of housing targeted to lower-income urban singles reached completion while 53 units (two developments) received approval to proceed. In addition, 277 units of housing for lower-income urban singles are under construction.

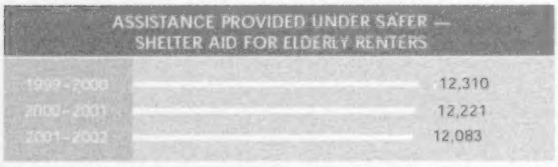


Overview:
Homeless at risk housing involves the co-ordination of services and support funding with other ministries to assist individuals in maintaining or regaining their independence and housing. Over the past year, 12 homeless at risk developments (291 units) reached completion while five developments (109 units) received approval to proceed. In addition, 77 units of homeless at risk housing are under construction.

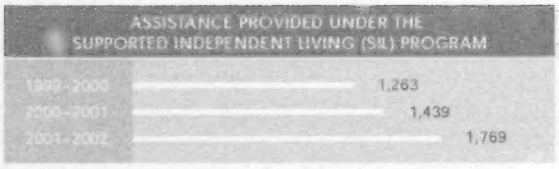


Overview:
In 1999/00, an initiative involving a combination of second stage and short-stay accommodation was created in partnership with groups in the community who work directly with the homeless. This housing, known as multi-service housing, provides a flexible range of housing and support options to assist individuals in making the transition from homelessness to permanent housing. Over the past year, one development (38 units) reached completion while two additional developments (92 units) received approval to proceed. In addition, 74 units are under construction.

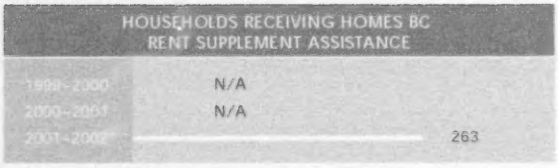
BC Housing also administers a number of provincially funded rent supplement programs for families and individuals living in the private rental market. These programs are targeted to seniors living on a fixed income Shelter Aid for Elderly Renters (SAFER), individuals with a mental illness Supported Independent Living (SIL), as well as other vulnerable groups. The following charts provide an overview of these housing programs and details about who they serve.



Overview:
The Shelter Aid for Elderly Renters (SAFER) program provides rent assistance to seniors living in private rental housing. As of March 31, 2002, there were 12,083 senior households receiving assistance under the SAFER program. The number of SAFER recipients is slightly lower than previous years, with the number of households receiving assistance varying because of changes in circumstances and eligibility.



Overview:
As of March 31, 2002, there were 1,769 individuals with mental illness living in housing in the private rental market who were receiving assistance under the Supported Independent Living (SIL) program. This program is funded by the Ministry of Health Services and is administered by BC Housing. Through this program these individuals gain access to stable and affordable housing, thereby enabling them to better manage day-to-day challenges.



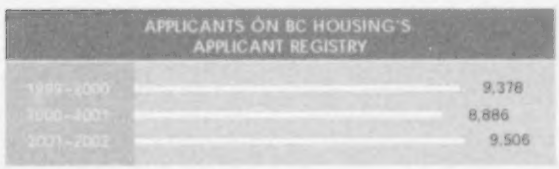
** 2001-2002 was the first year of this program.*

Overview:
In 2001/02, rent supplement assistance under the HOMES BC program was provided to 263 households living in the private rental market. These rent supplements respond to specific challenges, such as: women and children fleeing abuse, people with mental illnesses, people living with HIV/AIDS, as well as people with disabilities.

Goal	Well managed, sustainable existing housing
Objectives	• Providing financial, administrative and technical support under existing operating agreements for the efficient management of housing provided under a mix of programs • Providing access to secure, well-managed and affordable housing through BC Housing's public housing portfolio and through the management of group homes developed on behalf of other ministries • Developing and implementing a comprehensive three-year modernization and improvement plan to sustain existing social housing • Developing and implementing comprehensive annual plans for the ongoing maintenance of PRHC group homes and BC Housing's public housing portfolio • Providing funding for the ongoing maintenance of the province's social housing stock • Creating a long-term strategy to address the aging social housing portfolio
Strategies and Activities	• Efficient management of BC Housing's public housing portfolio including responsiveness to the needs of tenants • Effective placement of tenants in BC Housing's public housing portfolio including an effective vacancy filling process and an accurate system for tracking and monitoring housing need • Comprehensive building assessments and the completion of projects identified in the annual modernization and improvement plan both on time and within budget • Effective capital planning processes which ensure that funding is available to meet the long-term capital needs of aging social housing developments
Outcomes 2001-2002	• More than 9,500 applicants on BC Housing's Applicant Registry with 1,007 households placed • An average of 485 new housing applications processed each month • Optimum use of the public housing stock with a vacancy rate of 2.1 per cent for available units in BC Housing's public housing portfolio • Public housing stock that increasingly serves a wider range of needs including frail seniors, people with a mental illness, people in addiction recovery programs and women and children fleeing abuse • Successful completion of 351 modernization and improvement initiatives across 93 developments or approximately 88 per cent of the public housing portfolio

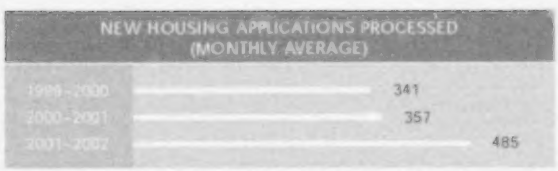
Goal 2: Well-managed Sustainable Existing Housing

In order to effectively manage our public housing portfolio, BC Housing must respond to tenants' needs, efficiently fill vacancies and ensure an accurate system is in place for tracking and monitoring housing need. The other important measure under this goal is the timely completion of projects set out in BC Housing's annual modernization and improvement plan.



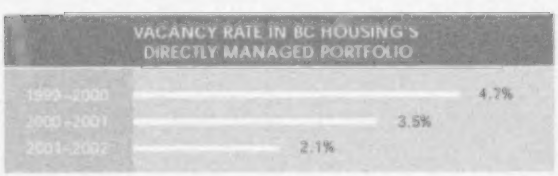
Overview:

As of March 31, 2002 there were 9,506 households on BC Housing's applicant registry. These households currently live in sub-standard housing and/or housing they cannot afford. Over the past year, 1,007 households have been housed in BC Housing's public housing portfolio as a result of turnover in existing units.



Overview:

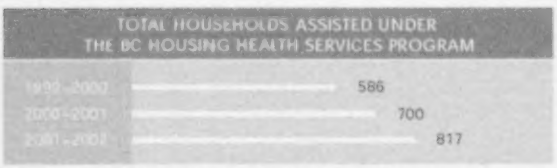
In 2001/02, BC Housing processed an average of 485 new housing applications each month. This is up by 36 per cent from the previous year and represents an annual total of almost 6,000 applications. Based on current data, the number of new housing applications received is almost five times greater than the rate of placement, reflecting the high level of need that exists in many communities across the province.



Overview:

Existing social housing stock must be used effectively to respond to households in need. BC Housing has put an efficient vacancy filling process in place. As of March 31, 2002, the vacancy rate for available units in BC Housing's public housing portfolio was 2.1 per cent – a significant reduction over previous years and a reflection of the level of need that exists.

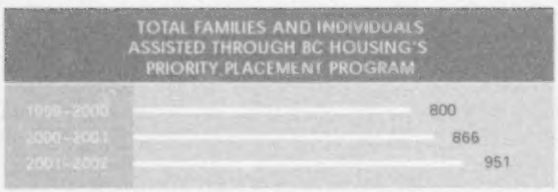
BC Housing's public housing stock is increasingly serving a wider range of households in need including frail seniors, people with a mental illness, people in addiction recovery programs and women and children fleeing abuse. Client-focused service delivery and the development of initiatives to optimize the use of the existing public housing stock will continue to be an important focus for 2002/03. The following measures reflect programs and initiatives currently in place.



Note – These numbers are cumulative

Overview:

Through a funding partnership with the Ministry of Health Services, the BC Housing Health Services Program improves access to housing for those who have been diagnosed with a mental illness. By the end of 2004/05, the goal is to provide housing to 1,350 individuals who have been diagnosed with a mental illness. To date, 817 individuals have been assisted through this program including 117 individuals in 2001/02.

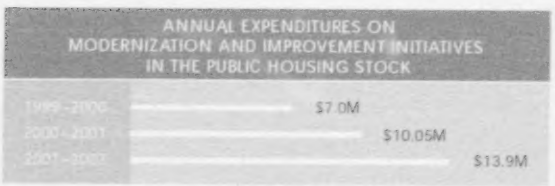


Note – These numbers are cumulative

Overview:

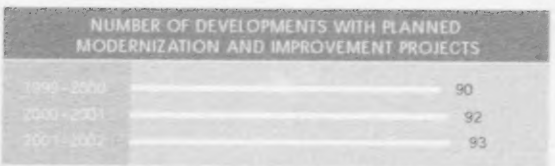
BC Housing's Priority Placement Program was introduced in 1994. Since that time more than 950 families have been assisted through this program, including 85 in 2001/02. It is clear that this program plays an increasingly important role in providing options to women and children fleeing abusive situations. In addition, there are more than 200 households on BC Housing's applicant registry who fall into this category and who are in urgent need of housing.

The preservation and maintenance of the social housing portfolio is an important element in providing well-managed, sustainable existing housing. Much of the public housing stock built in the post-war decades is dated, with some developments failing to meet energy efficiency requirements and other environmental criteria. To respond to the challenges of an aging public housing portfolio, BC Housing has a comprehensive planning process designed to maintain the operating efficiency, quality, safety and security of the stock. As the public housing portfolio continues to age, efforts in this area will become even more important.



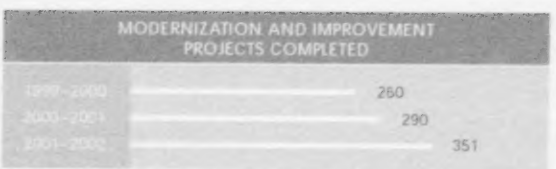
Overview:

BC Housing spent $13.9 million on modernization and improvements in 2001/02. This is up from previous years and is a reflection of the aging stock. Over the coming years, BC Housing will continue to maintain and improve the public housing stock, however, ongoing capital improvements are constrained by the availability of funding. Based on funding availability, future plans include redevelopment and regeneration in order to make better use of the existing stock and to better respond to changing and emerging needs.



Overview:

Across BC Housing's public housing portfolio, the average age of the housing stock is 28.5 years. In 2001/02, funding was allocated to carry out modernization and improvement initiatives across 93 developments, or 88 per cent of BC Housing's public housing portfolio. Priorities for these projects are evaluated in the following order: minimize health and safety risks to tenants, protect building integrity, and enhance the stock.



Overview:

BC Housing completed 82 per cent of the planned modernization and improvement projects, or 351 projects in 93 developments. The bulk of the remaining projects are still underway, or have been deferred and will be finished in 2002/03.

Goal	**Healthy, active, and inclusive communities**
Objectives	• Delivering programs designed to foster healthy, active and inclusive communities through community partnerships • Encouraging and promoting tenant community development • Continuing to recognize the important role played by the Public Housing Advisory Council (PHAC) and continuing to provide resources to support the Council in its work • Implementing training programs for staff which emphasize the philosophy of social housing and the process of community facilitation • Encouraging partnerships with community resources outside of the housing site to promote the economic, mental and physical well-being of tenants
Strategies and Activities	• Ongoing support for the work of the Public Housing Advisory Council and the ongoing delivery of a range of long-term programs and initiatives designed to promote community partnerships and foster healthy, active and inclusive communities • The identification of resources to encourage and promote community participation and build the local level capacity • The ongoing delivery of emergency preparedness training for tenants, staff and the broader community in order to increase the capacity of communities to respond to emergency situations and to provide support to others • Ongoing work with agencies in the broader community to develop partnerships which will help to provide a range of services and supports to respond to emerging housing needs and to the needs of families and individuals living in social housing
Outcomes 2001–2002	• Increased levels of participation in tenant-focussed activities and emergency preparedness training • Active support for tenant associations and tenant groups through tenant association grants and event specific funding, with 35 per cent of all public housing developments having some level of activity or involvement

Goal 3: Healthy, Active, and Inclusive Communities

BC Housing supports a range of programs to promote economic self reliance and enhance the physical and social well-being of tenants and their communities. The following provides an overview of the range of programs and initiatives in place as well as the levels of participation and interest.

COMMUNITY BUILDING ACTIVITIES	1999–2000	2000–2001	2001–2002
People, Plants and Homes (Number of participants)	4,082	5,451	5,716
STEP to Work (Number of participants)	54	43	36
BC Housing Bursary Program (Number of recipients)	143	174	176
Tenant Conference (Number of participants)	98	138	187
Total participants in tenant focused activities	4,377	5,806	6,115
Tenant Association Grant Program (TAG) *(Number of tenant groups)*	42	37	28
Event specific funding *(Number of tenant groups)*	8	14	9
Percentage of public housing developments with some level of tenant activity	47%	43%	35%
Emergency Preparedness Training (Number of participants)	N/A	518	1,363

Overview:

People, Plants and Homes – This is an urban gardening program that builds community and promotes wellness by supporting tenants to personalize and beautify their housing communities.

STEP to Work – This training initiative is designed for BC Housing youth tenants with the purpose of increasing the future employability of participants and continuing to the development of a positive community spirit and a healthy environment for all BC Housing tenants.

Bursary Program – This program is designed to assist up to 47 tenants in pursuing educational goals as a way to increase employability and lead to self sufficiency.

Tenant Conference – An annual conference where tenant groups can network to share concerns, strategies and successes with others and attend workshops to develop community and individual capacity.

Tenant Association Grant Program (TAG) – Through this program, BC Housing provides grants and special event funding up to a maximum of $2,000 per development so that tenant groups can offer programs, services and volunteer opportunities that promote social, economic and physical well-being of tenants.

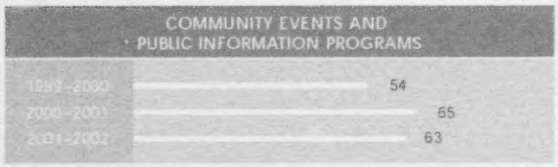
Event specific funding – Special event funding up to a maximum of $2,000 per development for recommended developments that do not have an established Tenant Association.

Emergency Preparedness Training – Training for staff, tenants and groups in the community to increase the capacity of individuals and communities to respond to emergency situations.

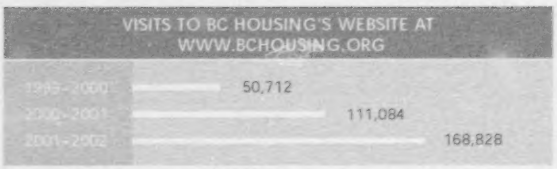
Goal	**Increased public awareness and political support**
Objectives	• Increasing public awareness and political support for affordable housing • Keeping the board, employees, ministerial staff, the housing sector and housing partners informed on an ongoing basis of BC Housing's programs, policies and activities • Continuing to work with local governments to identify ways to respond to local housing needs through the development of affordable housing • Creating opportunities for dialogue and input from housing partners
Strategies and Activities	• Planning, developing and implementing information programs and targeted community relations activities • Ongoing collaboration with the housing sector and our housing partners in order to identify opportunities to strengthen the current delivery of services and to increase awareness and support for affordable housing • Actively seeking and encouraging partnerships with other levels of government including encouraging the contribution of land and equity as a means of increasing the number of housing units which can be built without any additional provincial funding
Outcomes 2001–2002	• Organization and/or participation in 63 housing-related events including ground-breakings, opening ceremonies, local housing forums and targeted community relations activities • A 52 per cent increase in visits to BC Housing's website – representing more than 168,000 visits in 2001/02

Goal 4: Increased Public Awareness and Political Support

In the future as BC Housing and non-profit housing providers focus on housing those most vulnerable, including frail seniors and people with disabilities, community support will become an increasingly important factor. Initiatives such as Affordable Housing Week raise the level of awareness of the need for affordable housing, while partnerships with housing sponsors, others levels of government and the private sector create sustainable local housing solutions. In October 2001, the Urban Development Institute (UDI), in conjunction with The Vancouver Sun and Province newspapers, commissioned Viewpoints Research to conduct a survey of 500 people living in households which subscribe to either daily newspaper. The survey showed that the level of support for providing subsidized housing to people living in B.C. remains high, with 93 per cent of respondents either supporting or strongly supporting the idea of providing social housing to people in B.C.



Overview:
Community events and public information programs raise awareness of the need for government supported housing options. In 2001/02, BC Housing participated in 63 housing-related events and initiatives including ground-breakings, opening ceremonies, local housing forums, workshops, targeted community relations activities and special events.

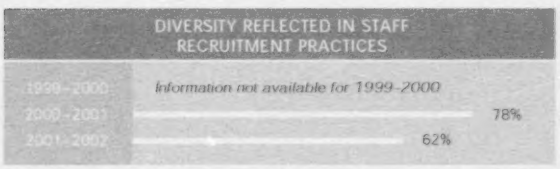


Overview:
In 2001/02, there were over 168,000 visits to BC Housing's website. This represents a 52 per cent increase in use over the previous year and reflects the importance of BC Housing's website as a tool to enhance interaction with tenants, applicants, businesses and other stakeholders through timely access to information.

Goal	**A responsive, adaptive, and accountable organization**
Strategies and Activities	• Managing our resources, partnerships and technology effectively in order to add value and ensure that the greatest benefit is realized for the public, tenants and ourselves • Achieving a workforce that is responsive to and reflective of the diversity of the communities in which we live and work • Fostering a work culture of trust, commitment to teamwork and excellence and openness to change • Fostering a culture of innovation in activities in support of our mandate • Enhancing our role as a social housing landlord • Ensuring that the affairs of the organization are carried out according to legislated requirements, broader social policy objectives and expected standards of conduct
Outputs	• Effective human resource management including recruitment, retention and promotion initiatives that support the goals of human rights, employment equity, multiculturalism and diversity • Efficient use of information technology and information management • Effective financial administration, including effective long-range financial planning • A commitment to maintaining the highest standards of conduct among members of the board and staff in order to build and sustain the public's trust and confidence
Outcomes 2001-2002	• 62 per cent of staff hired fell within one of the designated categories set out in BC Housing's Employment Equity Plan • BC Housing publicly tendered 93 contracts worth more than $20 million • Timely response to 33 requests for information under the Freedom of Information and Protection of Privacy Act

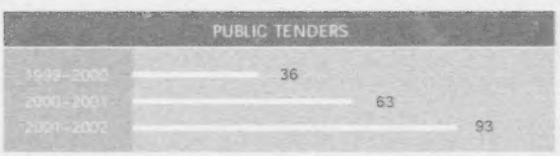
Goal 5: A Responsive, Adaptive, and Accountable Organization

The final goal set out in BC Housing's Performance Plan for 2001–2004 is to be a responsive, adaptive and accountable organization. This includes maintaining a workforce that has the highest possible skills and that is responsive to and reflective of the communities in which we live and work. Over the years, BC Housing's business activities, including its hiring practices, have demonstrated a commitment to openness, fairness and accountability with a continued emphasis on building public trust and confidence. As well we will continue to focus on opportunities to build and maintain a high performing organization. The following measures reflect BC Housing's commitment to the principles of diversity, openness and accountability.



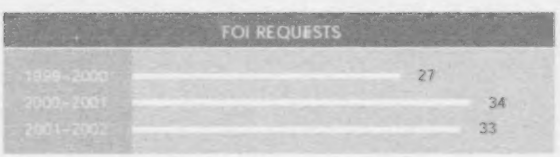
Overview:

Creating a work environment that promotes inclusiveness and respect for diversity is an ongoing priority. In 2001/02, BC Housing adopted a diversity policy to articulate its commitment to a diverse workforce. Of the 52 individuals hired in 2001/02, 32 (62 per cent) fall within one of the four designated groups (women, people with disabilities, visible minorities and First Nations) set out in our Employment Equity Plan – a result which is well above the provincial benchmark.



Overview:

In addition to being an important communications tool, BC Housing's website is also an important business tool, enabling wider access to public tenders. In keeping with the past practice of publicly tendering contracts in excess of $50,000, in 2001/02, 93 public contracts with a total value of more than $20 million were posted on BC Housing's website, a significant increase from the previous year. Over the next year, BC Housing will continue to explore other e-government initiatives as a means of increasing efficiency and productivity as well as improving service to our clients and the general public.



Overview:

Open and timely access to information is key to building public trust and confidence. In 2001/02, BC Housing received 33 requests for information under the Freedom of Information and Protection of Privacy Act – all were completed within the timeframe set out in the legislation. This is consistent with BC Housing's performance in previous years.

CORPORATE GOVERNANCE

Board of Commissioners

Since its inception in 1967, BC Housing has been responsible for the delivery of the province's social housing programs. British Columbians have come to expect the highest standards of integrity, quality and competence in the delivery of all of our programs and services whether it be in the management of social housing or in our expanded activities in the areas of development, research or customer service.

Guiding us is a Board of Commissioners, appointed by the Lieutenant-Governor-in-Council. There were a number of significant changes to the board during the year. In June 2001, the previous board was dissolved and Kaye Melliship was appointed interim chair.

Senior Management Team

Shayne Ramsay, Chief Executive Officer
Craig Crawford, Director, Development Services
Michelle Neilly, Director, Housing Operations
Agnes Ross, Director, Personnel & Labour Relations
Peter Stobie, Director, Corporate Services
Susan Thom, Director, Corporate Communications
Irene Young, Chief Financial Officer

MANAGEMENT DISCUSSION AND ANALYSIS

British Columbia was one of only two provinces that assumed responsibility for the development of social housing when the federal government withdrew funding support in the early nineties. BC Housing has experienced steady growth in expenditures since then to accommodate the annual subsidy costs of the 6,062 housing units created under the provincial housing program.

This past year saw BC Housing continue to add new housing units to the existing non-profit and co-op housing portfolio. In 2001/02, 1,493 new units were completed and 1,477 units were under construction at the end of the fiscal year. In March 2002, the province committed to an additional 697 new units.

In April 2002, the province announced a new initiative – *Supportive Living BC* – a housing for health partnership that will provide 3,500 additional housing units for seniors and people with disabilities. This continued growth in housing has a direct impact on future spending and budget management.

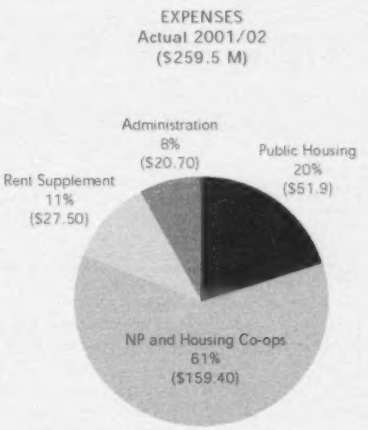
The province faces significant fiscal challenges over the next three years and the budgets of all ministries and programs, except health and education, have been reduced. In response, BC Housing has developed strategies to minimize future expenditure growth while absorbing significant increased subsidy costs for new housing units. Strategies include strengthened partnerships for new developments, streamlined program delivery, and reductions in discretionary spending. Further reductions will be achieved through cost containment of housing subsidies.

How We Performed

Program Expenditures

Subsidies

BC Housing experienced a 14 per cent increase in total expenditures in 2001/02 primarily due to the new provincial housing program units completed in the year. This program is not cost shared with the Canada Mortgage and Housing Corporation (CMHC) and therefore impacts only provincial contributions to BC Housing.



Subsidies to non-profit and co-op housing providers were $159.4 million in the 2001/02 fiscal year representing 61 per cent of total expenditures. Subsidies bridge the gap between the operating cost of the building and the tenant rent contribution. The number of new units completed in the year and the annualized cost of units completed the previous year (1,019 in 2001) is directly responsible for the 13.6 per cent increase in subsidies over the previous year. Rent supplement program expenditures increased four per cent over the previous year continuing the modest growth from previous years. Shelter Aid for Elderly Renters (SAFER) is the largest of BC Housing's rent supplement programs serving more than 12,000 seniors annually at a cost of $18.5 million.

Modernization and Improvement

BC Housing has developed comprehensive modernization and improvement plans to maintain the existing social housing portfolio. One third of this year's expenditures relates to the repair program for building envelope failures in the non-profit and co-operative housing portfolio. A total of 44 buildings were under repair during 2001/02 with a total cost of $8.6 million.

Critical health and safety repairs in the public housing portfolio accounted for $13.9 million of the $26.6 million building modernization and improvement expenditures. A further $4.1 million in modernization and improvement expenditures were made to the non-profit and co-op portfolio.

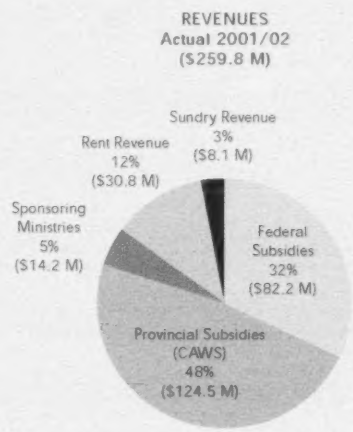
Program Revenues

Provincial Contributions

Provincial contributions to BC Housing's operating budget increased by 24 per cent this year – accounting for 48 per cent of all revenues. Subsidies for additional units under the unilaterally funded provincial housing program, HOMES BC, were the primary cost driver. Previous service and performance plans projected a 30 per cent increase in provincial contributions for 1,800 new units of housing and 250 rent supplement units allocated in the 2001/02 budget. All budgeted rent supplement units under the provincial housing program were fully allocated during the fiscal year. Various provincial ministries provide funding to BC Housing for property management support and administration services for group homes and other housing programs. This funding totalling five per cent of all revenues is included in provincial contributions.

Federal Contributions

The federal government, through CMHC, contributed approximately 32 per cent of 2001/02 total revenues. CMHC's share of total revenues will continue to decline as funding under wholly provincial programs increases. Many of the buildings experiencing water ingress problems were constructed under cost shared programs with CMHC. Consequently, CMHC funding will increase in absolute dollars over the coming years to meet its commitment related to building envelope repairs. It is anticipated that CMHC's funding levels



will begin to decline by 2005/06 as the building envelope repair program is completed and buildings constructed under older programs become fully amortized.

Other

Tenant rent, from public housing developments directly managed by BC Housing, is the remaining major component of revenue accounting for approximately 12 per cent of the total. Tenant rent revenues have remained relatively constant over the past several years.

Managing Risk

Building Envelope Repairs

The subsidized housing stock in the province has not been immune from the problems associated with building envelope failure. Cost pressures from the building envelope repair program continue to grow and are now estimated at $65 million to complete. Most impacted projects were developed under older cost shared programs with CMHC resulting in the majority of repair costs borne by the federal government. In the future, the provincial share of costs for larger repair projects may be debt financed to help reduce short-term pressures on provincial funding requirements.

Detailed studies of projects have been completed in the Lower Mainland. Additional studies are now underway on Vancouver Island and 25 buildings have been identified as requiring more detailed assessments over the next two years. Preliminary assessments indicate that the magnitude of required repairs may not be a severe as the Lower Mainland.

In order to mitigate future risk of building envelope failure, BC Housing has implemented design and construction standards that incorporate industry recommended building techniques. As well, rigorous maintenance programs for all new and repaired projects have been developed.

BC Housing has initiated a cost recovery strategy, which includes litigation where feasible and warranted, to recover funds spent to repair buildings affected by envelope failure.

Interest Rate Risk

Non profit and co-op housing provider subsidies form the largest component of BC Housing's expenditures. The difference between the operating cost of a development and tenant rent determines the sponsor's subsidy. Mortgage interest and principal repayments are approximately two thirds of operating costs, forming a significant component of the subsidy payment. BC Housing's budget is therefore sensitive to interest rate fluctuations. BC Housing utilizes various strategies such as bulk tendering and staggered terms to minimize exposure to sudden changes in interest rates. Every one per cent increase in mortgage interest rates adds $4.4 million in additional subsidies. Mortgage rates remained low this year due to an overall economic slowdown. Though short-term rates have begun to increase, the effect on long-term rates has been minimal and no significant impact is anticipated for the coming fiscal year.

Subsidy Growth

Past growth levels in provincial funding for new housing subsidies was not sustainable in light of the province's fiscal challenges. Accordingly, 1,000 new housing units previously included in BC Housing's projected forecasts will not proceed. Future budgets include annual subsidies for the 1,474 units under construction at March 31, 2002, as well as the 700 new units recently approved. By 2006/07, provincial contributions will include $16.7 million to fund the 3,500 *Supportive Living BC* units expected to be drawing subsidy.

Requirements for equity contributions from housing partners, including CMHC, will result in lower subsidies for all new units. In December 2001, the Canada-British Columbia Affordable Housing Agreement was signed and under it CMHC will provide capital grants of $88.7 million towards these new housing units. The province must match these grants and will do so through the annual operating subsidies to housing providers.

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Financial Statements
March 31, 2002 and 2001

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AUDITORS' REPORT

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member of
Grant Thornton International

To the Chair of
British Columbia Housing Management Commission

We have audited the balance sheet of British Columbia Housing Management Commission (the "Commission") as at March 31, 2002, and the statements of revenues and expenditures and Province's Account and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

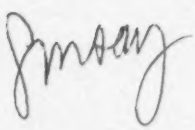
Vancouver, Canada
May 3, 2002

Chartered Accountants

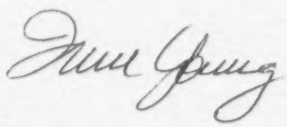
STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements of the British Columbia Housing Management Commission have been prepared by management in accordance with Canadian generally accepted accounting principles, consistently applied and appropriate in the circumstances. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the notes to financial statements.

Management depends upon a system of internal controls that provide reasonable assurance, on a cost-effective basis, that the financial information is reliable and accurate.



Shayne Ramsay
Chief Executive Officer



Irene Young
Chief Financial Officer

May 3, 2002

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Balance Sheets
Years Ended March 31

	2002 ($000's)	2001 ($000's)
Assets		
Current		
Cash and short term investments	$ 2,006	$ 2,585
Receivables	9,321	8,937
Prepaid expenses and housing subsidies	10,555	10,161
Due from Province of British Columbia	2,773	3,673
Due from Canada Mortgage and Housing Corporation	10,354	10,946
Current portion of mortgages receivable (Note 4)	673	7,997
Construction loans provided to housing projects (Note 3)	118,652	76,553
	154,334	120,852
Due from Provincial Rental Housing Corporation (Note 7)	23,475	31,225
Mortgages receivable (Note 4)	3,822	3,551
Long-term receivables	1,266	1,103
Proposal development advances (Note 5)	1,504	3,765
Long-term investments (market value $14,742)	15,786	11,561
Capital assets (Note 6)	3,108	3,700
	$ 203,295	$ 175,757
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 19,598	$ 18,832
Funding received in advance	–	10,000
Tenants' prepaid rent	666	676
Due to Provincial Treasury (Note 3)	156,449	122,512
	176,713	152,020
Societies' funds held on deposit (Note 8)	16,126	13,562
Grants received in advance of construction (Note 9)	429	1,189
Deferred contributions		
Self Insurance Funds (Note 10)	3,507	3,115
Group Home Replacement Funds (Note 11)	5,624	5,304
Province's account	896	567
	$ 203,295	$ 175,757

Commitments (Note 13)
Contingency (Note 15)

On behalf of the Board

Kaye Melliship
Interim Chair

Shayne Ramsay
Chief Executive Officer

See accompanying notes to the financial statements

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Statements of Revenue and Expenditures and Province's Account
Years Ended March 31

	2002 ($000's)	2001 ($000's)
Revenue		
Provincial contributions	$ 138,755	$ 111,897
Federal contributions	82,161	79,294
Tenant rent	30,800	30,064
Other	8,103	7,044
	259,819	228,299
Expenditures		
Housing subsidies	159,731	140,653
Salaries and labour	21,472	19,947
Building modernization and improvement	26,631	19,025
Building mortgage costs	12,990	12,990
Utilities	9,600	9,071
Building maintenance	8,461	8,055
Office and overhead	6,646	5,944
Interest expense	5,031	4,741
Grants in lieu of property taxes	4,712	4,072
Operating expenses	4,216	3,792
	259,490	228,290
Excess of revenue over expenditures	329	9
Province's account, beginning of year	567	558
Province's account, end of year	$ 896	$ 567

See accompanying notes to the financial statements

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Statements of Cash Flows
Years Ended March 31

	2002 ($000's)	2001 ($000's)
Cash flows provided by (used in)		
Operating activities		
Excess of revenues over expenditures	$ 329	$ 9
Adjustments to determine cash flows:		
Depreciation	1,785	1,626
Self insurance funds	392	384
Group home replacement funds	320	745
Change in non-cash working capital	(8,530)	10,615
	(5,704)	13,379
Investing activities		
Mortgages receivable	7,053	(7,450)
Long-term receivables	(163)	–
Proposal development advances	2,261	(648)
Construction loans provided to housing projects	(42,099)	(32,789)
Long-term investments	(4,225)	1,530
Additions to capital assets	(1,193)	(4,257)
	(38,366)	(43,614)
Financing activities		
Due from Provincial Rental Housing Corporation	7,750	(31,429)
Due to Provincial Treasury	33,937	61,286
Societies' funds on deposit	2,564	(730)
Grants received in advance of construction	(760)	866
	43,491	29,993
Decrease in cash and short term investments	(579)	(242)
Cash and short term investments, beginning of year	2,585	2,827
Cash and short term investments, end of year	$ 2,006	$ 2,585

See accompanying notes to the financial statements

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Notes to the Financial Statements
March 31, 2002 and 2001

1. General

The British Columbia Housing Management Commission is a Crown agency, established in 1967, responsible for developing new social housing under the province's Homes BC program, for administering the province's Shelter Aid for Elderly Renters Program, and for administering a variety of other federal/provincial housing programs. The Commission manages public housing stock and administers agreements relating to units managed by non-profit societies. The Commission ensures that provincial housing policy is reflected in its programs and that these are delivered in a coordinated, cost-effective manner.

The revenues and expenditures of the programs administered by the Commission are reported in Schedule 1.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Use of estimates

In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tenant rent revenue

Tenant rent revenue represents rent charged to residents, and is determined as the lesser of market rent and a percentage of each resident's income.

Capital assets

Capital assets are recorded at cost and depreciated over their estimated useful lives. Both computer hardware and software are depreciated on the straight-line method over three years. All other capital assets are depreciated on the straight-line method over five years.

Employee benefit plans

The Commission has a defined benefit plan and a defined retirement plan for substantially all of its employees. In addition, the Commission has defined health care plans for substantially all employees and retirees.

The Commission and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits on behalf of employers and employees to whom the Act applies. The Plan is a multi-employer defined benefit plan. The most recent actuarial valuation (March 31, 1999) has determined the Plan is in a surplus position.

Employees are also entitled to specific health care and termination benefits as provided for under collective agreements and terms of employment.

Defined contribution plan accounting is applied to these benefit plans as the Commission has insufficient information to apply defined benefit plan accounting. As such, the cost of employee future benefits for these plans is recognized as an expense in the year contributions are paid.

Financial instruments

The Commission's financial instruments consist of cash and equivalents, accounts receivable and current liabilities. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying values.

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Notes to the Financial Statements
March 31, 2002 and 2001

3. Construction loans provided to housing projects

In its capacity as a National Housing Act approved lender, the Commission funds construction draws for societies who are building approved projects under social housing programs. These advances are repaid at substantial completion of each project from financing arranged with private lenders. Societies are charged interest at the province's weighted average borrowing rate for short-term funds, plus administration costs. The Provincial Treasury provides funding to the Commission for the purpose of advancing loans for construction. These loans are unsecured and bear interest at the province's weighted average borrowing rate for short-term funds. The Commission has the authority to borrow up to a maximum of $165 million from the Provincial Treasury.

4. Mortgages receivable

The Commission, in its capacity as a National Housing Act approved lender, occasionally acts as the take-out lender for some projects. These mortgages are generally held for a short period, one year or less, until such time as the borrower confirms its long-term financing arrangements.

5. Proposal development advances

Loan advances are made to sponsoring societies for needs studies, incorporation and site development costs. These advances are normally repaid upon project completion or remain outstanding for three years, at which time they are written-off. An allowance is established for the value of advances outstanding whenever there is uncertainty about projects proceeding to the final commitment stage.

6. Capital assets

	Cost	Accumulated depreciation	**2002 ($000's) Net book value**	2001 ($000's) Net book value
Computer hardware	$ 3,388	$ 2,848	**$ 540**	$ 655
Computer software	3,339	2,678	**661**	559
Tenant improvements	1,740	686	**1,054**	1,352
Office furniture	1,147	568	**579**	783
Office equipment	392	244	**148**	211
Vehicles	203	164	**39**	79
Grounds equipment	180	93	**87**	61
	$ 10,389	$ 7,281	**$ 3,108**	$ 3,700

7. Due from Provincial Rental Housing Corporation

Amounts represent funds advanced for the acquisition and development of properties under the social housing programs. The advances are non-interest bearing with no set terms of repayment.

8. Society funds held on deposit

These funds represent the balance of mortgage advances held to cover various non-profit societies' construction and soft costs required to complete their projects. Interest accrues on the society funds at the province's weighted average borrowing rate for short-term funds.

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Notes to the Financial Statements
March 31, 2002 and 2001

9. Grants received in advance of construction

The Commission has received funds from the province, the use of which is restricted to the construction of specific social housing projects. The changes in these grants during the year were as follows:

	Balance, beginning of year ($000's)	Grant received (transfers) ($000's)	Construction costs incurred ($000's)	Balance, end of year ($000's)
1992/93 Homeless Initiatives	$ 199	$ –	$ –	$ 199
Homes BC	990	62	(822)	230
Ministry of Health	–	276	(276)	–
	$ 1,189	$ 338	$ (1,098)	$ 429

10. Self insurance funds

These amounts are funded by the province and the Canada Mortgage and Housing Corporation (CMHC) and provide for claims below the deductible amounts of insured properties and for uninsured losses.

	2002 ($000's)	2001 ($000's)
Balance, beginning of year	$ **3,115**	$ 2,731
Additional funding	**493**	198
Interest earned	**195**	241
	3,803	3,170
Less: claims expense	**296**	55
Balance, end of year	**$ 3,507**	$ 3,115

11. Group home replacement funds

These amounts are funded by the province through the annual operating budgets for group homes and are used to fund major repairs and maintenance.

	2002 ($000's)	2001 ($000's)
Balance, beginning of year	**$ 5,304**	$ 4,559
Additional funding	**1,333**	1,828
Interest	**210**	116
	6,847	6,503
Less: expenditures for repairs and maintenance	**1,223**	1,199
Balance, end of year	**$ 5,624**	$ 5,304

12. Grants in lieu of taxes

The Commission, on behalf of the province and CMHC, pays each municipality a grant equivalent to gross property taxes due for all residential properties and projects managed.

Notes to the Financial Statements
March 31, 2002 and 2001

13. Lease commitments

The Commission has minimum rental obligations under operating leases for office space over the next five fiscal years as follows:

	($000's)
2003	$ 1,717
2004	1,593
2005	1,577
2006	676
2007	217

14. Related party transactions

In the normal course of operations, the Commission acquires goods and services from the province and certain crown corporations, under prevailing trade terms.

These statements do not include the capital cost of the projects. However, an amount equivalent to amortization on capital costs is in part payable to PRHC and in part credited to CMHC.

15. Contingency

Building envelope failure

In response to industry concerns and experience regarding building envelope failure, the Commission undertook a systematic review of non-profit and co-operative owned buildings under its administration. Buildings included in the study are part of the federal/provincial housing portfolio. The Commission received preliminary estimates for the cost of remediation for a number of projects. However, there are ongoing examinations of other properties in the portfolio.

These costs for buildings already examined, subject to confirmation through detailed engineering studies or actual repairs, are estimated to be in the range of $65 million. These repairs will be undertaken by housing sponsors in the future and the resulting expenditures, if accepted and approved, will be cost-shared with CMHC and the province based on various program-funding formulae. Requests for funding of the repairs will be included in annual budgets and reimbursed based on actual costs incurred.

Projects not proceeding

During the year, it was determined that 16 projects that had received preliminary project approval would not proceed to final commitment. Project sponsors incurred development costs related to these projects that may be reimbursed by the Commission subject to review and negotiation. The total value of these costs is not determinable. They will be funded through the Commission's annual provincial operating budget.

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Expenditures and Revenue by Program
Years Ended March 31, 2002

Schedule 1

	Federal / Provincial Cost Shared					Wholly Provincial Cost			Total
	Directly Managed								
	Cost share 75/25 (s79)	Cost share 50/50 (s37)	Rent supplement (s82(1)(a))	Rent supplement (s82(1)(b))	Non-profit Fed./Prov. Housing (s95)	Group homes	HOMES BC	Other programs	
	($000's)	($000's)	($000's)	($000's)	($000's)	($000's)	($000's)	($000's)	($000's)
Expenditures									
Housing subsidies	$ 122	$ –	$ 1,451	$ 7,098	$ 68,780	$ 2,420	$ 48,438	$ 31,421	$ 159,730
Salaries and labour	9,516	2,880	429	547	1,750	1,488	3,146	1,716	21,472
Building mortgage costs	7,566	5,424	–	–	–	–	–	–	12,990
Building modernization and improvement	9,092	4,410	162	9	8,770	293	1,508	2,386	26,630
Building maintenance	3,910	1,438	133	108	1,040	772	784	276	8,461
Utilities	6,265	1,647	130	–	730	557	105	165	9,599
Operating expenses	2,518	1,289	159	(42)	474	53	(431)	196	4,216
Office and overhead	1,798	573	86	393	1,261	589	1,129	818	6,647
Grants in lieu of property taxes	2,388	1,131	23	–	420	346	156	249	4,713
Interest expense	41	12	15	9	134	–	–	4,820	5,031
	43,216	18,804	2,588	8,122	83,359	6,518	54,835	42,047	259,489
Revenue									
Provincial contribution	5,941	5,929	1,054	4,239	29,367	4,439	52,988	34,798	138,755
Federal contribution	17,028	5,941	1,068	3,879	52,620	–	–	1,625	82,161
Tenant rent	20,008	6,833	446	–	1,352	38	1,731	391	30,799
Sundry	239	101	21	1	21	2,041	117	5,562	8,103
	43,216	18,804	2,589	8,119	83,360	6,518	54,836	42,376	259,818
Excess of revenue over expenditures	$ –	$ –	$ 1	$ (3)	$ 1	$ –	$ 1	$ 329	$ 329

PROVINCIAL RENTAL HOUSING CORPORATION

Financial Statements
March 31, 2002 and 2001

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AUDITORS' REPORT

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member of
Grant Thornton International

To the Shareholder of the
Provincial Rental Housing Corporation

We have audited the balance sheet of Provincial Rental Housing Corporation (the "Corporation") as at March 31, 2002, and the statements of revenue and expenditures and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied on a consistent basis.

Grant Thornton LLP

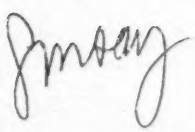
Vancouver, Canada
May 3, 2002

Chartered Accountants

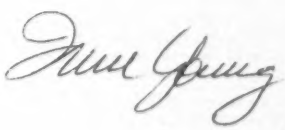
STATEMENT OF MANAGEMENT RESPONSIBILITY

The financial statements of the Provincial Rental Housing Corporation (the "Corporation") have been prepared by management in accordance with Canadian generally accepted accounting principles, consistently applied and appropriate in the circumstances. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the notes to financial statements.

Management depends upon a system of internal controls that provide reasonable assurance, on a cost-effective basis, that the financial information is reliable and accurate.



Shayne Ramsay
Secretary



Irene Young
Director

May 3, 2002

PROVINCIAL RENTAL HOUSING CORPORATION

Balance Sheets
Years Ended March 31

	2002 ($000's)	2001 ($000's)
Assets		
Investment in properties (Note 3)	$ 376,304	$ 370,712
Debenture subsidy receivable	1,843	1,843
Cash	1	1
	$ 378,148	$ 372,556
Liabilities		
Long-term debt (Note 5)	$ 141,159	$ 142,353
Interest payable	744	755
Unearned lease revenue	103,033	94,941
Funding in advance of construction (Note 6)	2,504	2,054
Due to British Columbia Housing Management Commission (Note 4)	23,475	31,225
	270,915	271,328
Shareholder's equity		
Share capital		
Authorized:		
10,000 common shares no par value		
Issued:		
3 common shares at $1 each	–	–
Contributed surplus	82,441	82,441
Property acquisition contribution (Note 7)	17,660	16,469
Accumulated excess of revenue over expenditures	7,132	2,318
	107,233	101,228
	$ 378,148	$ 372,556

On behalf of the Board

Shayne Ramsay
Director

Craig Crawford
Director

See accompanying notes to the financial statements

PROVINCIAL RENTAL HOUSING CORPORATION

Statements of Revenue and Expenditures and Surplus
Years Ended March 31

	2002 ($000's)	2001 ($000's)
Revenue		
Directly managed debenture subsidy	$ 7,372	$ 7,372
Group home mortgage subsidy	8,222	9,571
Lease revenue	2,219	1,968
	17,813	18,911
Expenditures		
Depreciation	3,891	4,441
Interest on long-term debt	9,108	9,531
	12,999	13,972
Excess of revenue over expenditures	4,814	4,939
Accumulated excess (deficiency) of revenue over expenditures, beginning of year	2,318	(2,621)
Accumulated excess of revenue over expenditures, end of year	$ 7,132	$ 2,318

See accompanying notes to the financial statements

PROVINCIAL RENTAL HOUSING CORPORATION

Statements of Cash Flows
Years Ended March 31

	2002 ($000's)	2001 ($000's)
Cash flows provided by (used in)		
Operating activities		
Excess of revenue over expenditures	$ 4,814	$ 4,939
Adjustments to determine cash flows:		
Depreciation	3,891	4,441
Change in non-cash working capital	8,081	3,543
	16,786	12,923
Investing activities		
Net property acquisition	(9,483)	(38,508)
Financing activities		
Funding in advance of construction	450	(2,523)
New financing	1,581	6,123
Long-term debt repayment	(2,775)	(6,890)
Property acquisition contribution	1,191	(2,554)
Due to/from British Columbia Housing Management Commission	(7,750)	31,429
	(7,303)	25,585
Increase in cash	–	–
Cash, beginning of year	1	1
Cash, end of year	$ 1	$ 1

See accompanying notes to the financial statements

PROVINCIAL RENTAL HOUSING CORPORATION

Notes to the Financial Statements
March 31, 2002 and 2001

1. General

The Provincial Rental Housing Corporation (the "Corporation") was incorporated under the Company Act of the Province of British Columbia in 1961. The Corporation is wholly owned by the province, and is an agent of the Crown.

The Corporation holds property for social and other low cost housing for the province. It also holds land under long-term leases to non-profit societies. The subsidized rental housing units of the Corporation are managed and operated by the British Columbia Housing Management Commission (the "Commission"), which records the related rental revenue and is responsible for all of the operating and administrative activities and related costs.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Use of estimates

In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment in properties

The Corporation capitalizes its investment in properties at cost and depreciates its buildings on the straight-line method over 25 years.

Property leases

The Corporation leases property used for housing projects to non-profit societies. These 60-year leases are prepaid by the non-profit societies when the housing projects are completed and ready for occupancy. The Corporation amortizes the lease revenue over the term of each lease and records the unearned portion as unearned lease revenue.

Property acquisition contribution

For some social housing projects and group homes, the province provides grants to the Corporation for a portion of the construction costs. The Corporation records the construction grants as property acquisition contribution when the projects are completed.

From time to time, the Corporation disposes of property purchased for social housing projects that cannot proceed due to difficulties with the site. The proceeds from these sales are applied against the cost of purchasing alternate sites. Any surplus or deficiency is credited or charged to property acquisition contribution.

Financial instruments

The Corporation's financial instruments consist of cash and equivalents, accounts receivable and payables. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying values.

PROVINCIAL RENTAL HOUSING CORPORATION

Notes to the Financial Statements
March 31, 2002 and 2001

3. Investment in properties

	Cost	Accumulated depreciation	2002 ($000's) Net book value	2001 ($000's) Net book value
Land	$ 295,175	$ –	**$ 295,175**	$ 292,368
Buildings	160,299	83,390	**76,909**	75,025
Construction in progress	4,220	–	**4,220**	3,319
	$ 459,694	$ 83,390	**$ 376,304**	$ 370,712

4. Due to British Columbia Housing Management Commission

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The amounts are non-interest bearing with no set term of repayment.

5. Long term debt

	2002 ($000's)	2001 ($000's)
Canada Mortgage & Housing Corporation (CMHC)		
Debenture mortgages repayable at the end of each year, over terms of up to 50 years maturing between the years 2004 and 2025, bearing interest at rates from 6.023 per cent to 8.20 per cent, and secured by unregistered first mortgages on properties of the Corporation	**$ 40,451**	$ 41,066
Chartered banks and CMHC		
Mortgages repayable monthly over terms of up to 35 years, bearing interest at rates from 3.369 per cent to 8.15 per cent, and secured by registered first mortgages on properties of the Corporation	**100,708**	101,287
	$ 141,159	$ 142,353

The aggregate principal repayments required in each of the next five fiscal years is estimated to be as follows:

	($000)
2003	$ 27,115
2004	23,828
2005	29,527
2006	18,211
2007	13,000
Thereafter	29,478
	$ 141,159

6. Funding in advance of construction

This balance represents construction funding received from other provincial ministries in advance of property acquisition and construction of non-profit housing and group homes. Interest does not accrue on funds received.

PROVINCIAL RENTAL HOUSING CORPORATION

Notes to the Financial Statements
March 31, 2002 and 2001

7. Property acquisition contribution

	2002 ($000's)	2001 ($000's)
Balance, beginning of year	$ 16,469	$ 19,023
Net proceeds on property replacements	394	406
Net receipts	4,533	775
Repayments to the province	(3,736)	(3,735)
	$ 17,660	$ 16,469

8. Related party transactions

a) Insurance

The Corporation does not insure its rental housing properties. Instead property losses are compensated by the province through the Commission and, for certain properties, by CMHC.

b) Directly managed debenture subsidy

Directly managed debenture subsidy represents funds received from the Commission for the principal and interest costs of the long-term debt related to directly managed properties.

c) Group home mortgage subsidy

Group home mortgage subsidy represents the funds received from the Commission for mortgage payments to chartered banks and CMHC.

d) Administration and financing

The Commission acts as agent in administering and financing the operations and capital projects of the Corporation. No administration costs are charged to the Corporation for such services performed.

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